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Enron trader conversations show power market manipulation was sport

- KRISTEN HAYS, AP Business Writer
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(06-02) 08:30 PDT HOUSTON (AP) -- Enron Corp. traders openly discussed manipulating the California power market and joked about stealing from grandmothers during the Western energy crisis in 2000-2001, according to transcripts of telephone calls filed with the Federal Energy Regulatory Commission.

The transcripts, some littered with profanity, were filed by a public utility district near Seattle.

The calls on the transcripts are central to the Justice Department's investigation of Enron's trading practices.

John Forney, a former top trader in Enron's defunct Western trading operation based in Portland, Ore., is slated to stand trial on charges of wire fraud and conspiracy. Two other former Portland traders, Timothy Belden and Jeffrey Richter, have pleaded guilty to one count of wire fraud and are helping prosecutors.

Energy merchants regularly tape trader conversations to keep a record of transactions.

According to the Snohomish County Public Utility District, which obtained audiotapes of trader conversations from the Justice Department and transcribed them, traders openly discussed creating congestion on transmission lines, taking generating units offline to pump up electricity prices and overall manipulation of the California power market.

For example, in one transcript a trader asks about "all the money you guys stole from those poor grandmothers of California."

To which the Enron trader responds, "Yeah, Grandma Millie, man. But she's the one who couldn't figure out how to (expletive) vote on the butterfly ballot."

Conversations that involve Forney, Belden and Richter appear throughout the transcripts.

In one of those transcripts, a trader says to Richter, "So, uh, somebody's figured out how to set congestion?"

Richter: "Well, we ... we can set it if we want. I mean, it's not a hard game to do ..."

In another, an Enron trader identified as David discusses shutting down a steamer from a generating unit to increase prices.

"I was wondering, um, the demand out there is er ... there's not much, ah, demand for power at all and we're running kind of fat. Um, if you took down the steamer, how long would it take to get it back up?

"Oh, it's not something you want to just be turning on and off every hour. Let's put it that way," another trader says.

"If we shut it down, could you bring it back up in three -- three or four hours, something like that?" David asks.

"Oh, yeah," the other trader says.

"Well, why don't you just go ahead and shut her down, then, if that's OK," David says.

Eric Christensen, a lawyer for the utility district, said it is seeking to convince a FERC administrative law judge that Enron should be ordered to surrender as much as \$2 billion in unjust profits.